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SDN Users Association, Inc.

P.O. Box 4014, Bridgewater, NJ. 08807

October 16, 1996

Regina Keeney
FCC, Chief-Common Carrier Bureau
1919 M Street, N.W.
Room 500
Washington, D.C. 20554

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Federal Communications Commission
Office of Secretary

CC Docket No. 96-128

In the matter of: Implementation of the Pay Telephone Reclassification and
Compensation Provisions of the Telecommunications Act of 1996.

Dear Ms. Keeney:

The SDN Users Association hereby responds to the Commission's proposed ruling on Payphone Compensation. We filed comments on June 28 during the open comment period preparatory to the creation of the proposed rule.

The SDN Users Association represents more than 500 business customers of AT&T's Software Defined Network service. Our members represent all sectors of the economy and all regions of the country, with many multi-state and multi-national enterprises. Each company or institution is a sophisticated consumer of telecommunications services. We have chosen to comment a second time on this issue because the rules implemented to provide compensation to payphone service providers will have an impact on all our members.

We stated in our previous comment that we support the requirement for compensation to payphone owners, and we support a consistent national policy to achieve such compensation.

To that end we agree with the Commission's ruling that payphones should be treated as CPE, and that a national compensation rate be developed and implemented. However, in reviewing the proposed rules we are concerned that the method of collection, relying

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on the Interexchange Carriers, is excessively complex requiring significant enhancements to existing charging and routing mechanisms which will provide small benefit in any other areas of service. We further believe that this solution, embedding the payphone use charge in the total call cost collected by the IXC, effectively hides the charge, and makes the IXC a collector for a charge they do not control. This is an unnecessary burden.

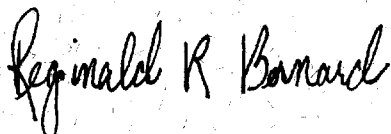
Therefore, we suggest that payphone compensation be seen as a simple transaction between the customer and the user with the cost to be collected by the phone provider at the point of use. While this would affect the customer perception of an 800/888 call being a 'free' call, it would alleviate the administrative complexity of IXC's having to track payphone calls back to phone owners and the inevitable blizzard of small checks costing more to generate than they are worth. We firmly believe that this proposal places the issue of compensation at the point of service, and at the point where the cost is incurred. This would enable the FCC to implement a "market rate" concept for payphones, as discussed in the Commission's order. A person using a payphone should not be insulated from the reality that there are costs of providing the phone. However, provisions must be made that will ensure that 911/emergency calls can be completed without a per-call charge.

We are also concerned that rolling the payphone use charge up to the IXC's may have the effect of increasing rates for all 800/888 users, even for those who draw no particular benefit. This would not seem to realize a primary value of fairness that cost be paid by those who incur the benefit.

We suspect that a ruling moving in the direction we are suggesting would, by settling costs at the point of the transaction, inspire further competitive activity affecting this cost either lowering it, or recovering it in other ways.

We are very interested in this issue and would be pleased to make ourselves available to discuss our views at greater length with the Commission at their convenience.

Sincerely,

A handwritten signature in cursive script that reads "Reginald R. Bernard".

Reginald Bernard